



United States Senate
**Committee on Small Business
and Entrepreneurship**

Olympia J. Snowe, Chair

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SNOWE CRITIQUES PRESIDENT'S SBA BUDGET

Agency's Impact Is Being Undervalued

WASHINGTON, D.C. – U.S. Senator Olympia J. Snowe (R-Maine), Chair of the United States Senate Committee on Small Business and Entrepreneurship, today commented on the proposed Federal budget for the Small Business Administration for Fiscal Year 2007.

"Small businesses continue to lead United States economic growth, generating two-thirds of new private sector jobs and employing more than half of all workers," said Senator Snowe. "Clearly, the SBA and its loan and assistance programs have contributed to the economic success of small businesses and our sustained economic growth and job creation. We must continue to provide enough resources to support our nation's job creators so they remain innovative and competitive with countries such as India and China. Unfortunately, this budget disproportionately cuts essential Small Business Administration programs, which continues a trend that is more pronounced than what other Federal agencies have experienced."

"The proposed SBA budget is \$9.386 million less than what the Administration requested for the Agency's core loan and technical assistance programs last year. This continues a trend of decreasing SBA budgets over the last 5 years, which has reduced the agency's budget by 20 percent in that period," stated Senator Snowe.

"Hurricanes Katrina and Rita have tasked the SBA with more responsibilities to assist with the long-term economic recovery of the Gulf region, yet the agency is targeted with a drastically reduced budget," stated Senator Snowe. "SBA Administrator Hector Barreto has been tasked to do more with a lot less from the Federal treasury. That is unreasonable and short-sighted."

Snowe again pledged to fight plans within the budget to eliminate the SBA's Microloan Program, which provides loans of up to \$35,000 and technical assistance to new and growing small businesses.

"This relatively inexpensive program helps entrepreneurs start and grow small businesses throughout our nation. In my own State of Maine, almost 90 loans have been made in the program over the last two years, for a total of over \$1 million," said Senator Snowe. "This program has a proven record of helping small businesses that could not get any other financing,

and the Administration's proposal would eliminate this crucial source of small business growth."

"In addition, I am deeply concerned about the SBA's plan to charge additional fees on loans in the 7(a) Business Loan Program, the 504 Business Loan Program, and the Small Business Investment Company Program. All of these programs already receive no appropriations to subsidize their loans, but instead charge fees to small businesses so that the government's guarantees have no net cost. Now, the Administration proposes to increase fees on small businesses to make an additional \$7 million in revenue, which will be used for the SBA's administrative costs. I support a reasonable budget, but increasing fees paid by small businesses is not the way to achieve that goal," stated Senator Snowe.

Snowe noted that the SBA's budget represents less than 3/100ths of a percent of the total federal budget, which should leave little doubt that we need to invest in a strong future of economic vitality – America's small businesses.

"I will continue to fight against the Administration's proposals to decrease funding programs such as the Small Business Development Center program and Women's Business Center program," said Senator Snowe. These programs have been level-funded for the last 5 years had have exceeded their potential to operate efficiently without additional funding. It is time to provide them with the necessary funding they need to reach and assist more small businesses."

"The SBA and its programs have a tremendous return on investment, as reflected in the jobs they create and the economic impact produce. This steady decline to the SBA's budget could jeopardize its ability to provide economic stimulus in the future. We must ensure that the SBA continues to sufficiently support its core lending, entrepreneurial development, and technical assistance programs. These annual cuts, taken cumulatively, threaten to significantly reduce small businesses' ability to compete," concluded Senator Snowe.

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